CHAPTER 2

SYSTEM CONCEPT

A. **GENERAL**

   1.   This chapter introduces the procedures which support, through automated means, functions involved in contract administration and contract management . Under the authority contained in *DoD Directive* 4140.1 (reference (a)) , this manual implements the following:

      a.   Certain policy provisions published in the FAR (reference (d)) and in the DoD Federal Acquisition Regulation Supplement (DFARS) (reference (e)) .

      b.   Standard data elements (authorized by DoD 8320.1-M-1 (reference (f))) and logistics data elements covered by the Logistics Data Element Standardization and Management Program (implemented by **DoD 4000.25-13-M,** (reference (g))).

   2.   In the event that the MILSCAP manual conflicts with the above publications, the provisions of the FAR, DFARS, or the Data Standards Manual will govern. Any such conflict should be reported to the DoD **MILSCAP** System Administrator.

   3.   Detailed procedures are contained in subsequent sections of this manual. The material in this chapter is necessarily broad and intended to provide a perspective of the overall program.

B.   PROVISIONS

   1.   The **MILSCAP** program uses automated data processing equipment and high-speed data transmission, thus permitting automation of the exchange of procurement and contract administration data.

   2.   All **MILSCAP** transactions are transmitted through the AUTODIN network to automated systems at purchasing offices, inventory control points, field contract administration activities, and finance 'and accounting offices.

C. **OVERALL** SYSTEM DESCRIPTION

1. This manual describes the external flow of selected contract, production, delivery, and financial information between field contract administration organizations and activities performing a broad range of procurement, materiel management, and financial accounting functions.

2. This description is intended to present purchasing offices (POs), CAOS, inventory control points (ICPs) , project managers (PMs) , and financial accounting offices with a picture of the external procedures prescribed in this manual. An understanding of the external system will enable these activities to assess the impact of MILSCAP on their internal operating systems and to assimilate and use the products of MILSCAP. The proper use of these products will permit improvements at all levels by providing: (1) standard formats, data elements, and codes for capturing key contract data from procurement instruments, (2) standard procedures for forecasting and reporting deliveries, and (3) automated contract payment notifications for input into allotment and obligation status records.

a. After contracts have been signed, the PO will forward contract abstract record formats to the CAO for use in establishing the CAO master contract file. As later contract modifications occur, such as changes in shipping instructions and definitization of prices, contract modification abstract record formats must also be forwarded by the PO for updating the CAO master contract file. (In instances where the CAO initiates the modification, the flow of the contract modification abstract records is reversed.)

b. When material is shipped, the CAO advises the PO, the ICP, or the PM (as designated in the contract) by means of the Shipment Performance Notice (SPN) . This permits an updating of due-in asset and intransit records at the PO or ICP level. If acceptance is to be accomplished at destination, the CAO advises the consignee of this fact by the Acceptance Alert (A/A) . The receiving installation reports acceptance or rejection of material by the Acceptance Report (A/R) which forms a basis for payment of the contractor invoice by the CAO. If for any reason delivery will not be made on time by the contractor, a Revised Delivery Forecast (RDF) , citing a reason for the delay and forecasted delivery date, will be sent to the PO for posting of due-in records.

c. As payments are made to a contractor, the CAO, notification 'of such expenditures to finance and accounting activities consists of the Contract Payment Notice (CPN) . These data formats are used by the